GOVERNMENT OF INDIA
FINANCE AND COMPANY AFFAIRS
LOK SABHA

STARRED QUESTION NO:361
ANSWERED ON:13.12.2002
FOREIGN BANKS
SULTAN SALAHUDDIN OWAISI

Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) whether as per overall commitment to World Trade Organisation India is committed to issue 12 branch licence to the foreign banks every year;

(b) if so, the details thereof;

(c) whether India has also got such facilities in opening Indian Bank branches in other countries;

(d) if so, the details thereof;

(e) whether these branches of foreign banks are giving more facilities to customers as compared to Indian banks; and

(f) if so, the steps taken or being taken by the Government to improve the quality of services in the Indian banks ?

Answer

MINISTER OF FINANCE & COMPANY AFFAIRS (SHRI JASWANT SINGH)

(a) to (f): A Statement is placed on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) to (f) OF LOK SABHA STARRED QUESTION NO.361 FOR 13TH DECEMBER, 2002 REGARDING `FOREIGN BANKS` BY SH. SULTAN SALAHUDDIN OWAISI.

(a)&(b): Yes, Sir; India is committed to issue at least 12 branch licenses every year to foreign banks under the World Trade Organisation (WTO). During the last three years, i.e. 1999-2000, 2000-2001 and 2001-2002, we have permitted foreign banks to open twelve, fifteen and eighteen branches, respectively, in the country.

(c)&(d): The member countries of WTO who permit foreign banks tooperate in their countries do not discriminate against Indian banks and permit them to operate in their countries, subject to their prudential regulations. At present, Indian banks are operating 93 branches in 24 countries.

(e)&(f): The foreign banks` branches are mostly in urban and metropolitan centers whereas Indian banks` branches cover urban, metropolitan, semi- urban and rural centers. Since, the client profile and the service needs of the foreign banks are different from those of Indian banks, the nature of service provided by them also differs. However, in order to meet the competition offered by foreign banks, Indian banks are upgrading their technology, implementing organizational and operational restructuring and bringing about better management of human resource to improve customer service.